

# Entrepreneurship Skills

## INTRODUCTION

Business is an economic activity which is related with continuous and regular production and distribution of goods and services for satisfying human wants. Businesses can be for-profit entities or nonprofit organisations. Businesses cater to the needs of the society. But sometimes we find that there is a gap between what is needed and is available. This gap can be used as an opportunity by some people who are ready to take risk and fill the gap by providing necessary products and services. Such people are entrepreneurs.

An entrepreneur is a person who is self-employed, is willing to take a calculated risk and brings in a new idea to start a business. It is, however, important to understand that all self-employed persons are not entrepreneurs, for example, a shopkeeper cannot be called an entrepreneur unless he/she introduces a new method or idea in the business.

## SESSION 1: WHAT IS ENTREPRENEURSHIP?

Does your mother ask you to buy things from the market near your house? Do you buy things for yourself from

shops near your house? Maybe you have bought milk, vegetables, fruits, books and pencil from a shop, ice-cream, etc., which of those shops you buy these items from? Visit the market and make a list of things you buy from the market and categorise them as food items, vegetables, fruits, stationery, confectionery, etc.

What are the things you buy?	What shops do you buy from?	Does the seller work for self or for someone else?
Food items: <i>Dal</i> , rice, spices	<i>Kirana</i> shop	Yes, for self
Readymade clothes	Big store in a mall	No—the sales person is an employee of a chain

Did you notice that while some people are the owners of businesses, others are employed and get a salary/wage? The owners are self-employed while the employees are wage earners (work for others and get a salary).

New ideas with which an entrepreneur adds value to a business can be of many kinds, including new kinds of products — like adding varieties, new services like home delivery or credit services, new marketing ideas, new cost reduction ideas and many more.

### Entrepreneurship

The process of developing a business plan, launching and running a business using innovation to meet customer needs and to make a profit is entrepreneurship.

### Enterprise

An enterprise is a project or undertaking that is bold and fulfills a need of the society which no one has ever addressed.

Let us read the story of Sowmya. Her story will help us understand a little more about entrepreneurship.

### The Story of Sowmya, the Entrepreneur

Sowmya grew up in a village in Karnataka. Her parents came to Bangalore in search of a better job. While growing up, Sowmya saw her parents working very hard. Her father started working in a small shop which

sold clothes and her mother started working as a cook in someone's house.

Sowmya wanted to support her family. She was now going to college and wanted to start making money. When she turned 18, Sowmya thought "What can I do, which will help me make more money and where people will keep buying from me again and again?" (**Need**) She noticed that the girls in her college cared about their health and did not want to eat chips and other unhealthy food (**Recognising opportunity**). She started making healthy snacks and sold them to her friends in college (**Idea and start of a business**).

Her friends loved it, because not only was snack healthy, it was also very tasty. She then started selling her tasty-healthy snacks to people in her area.

As the demand for her snacks increased, Sowmya asked her parents and friends to give her some money to buy a small machine which would help her in making more snacks. She started making 5 times the snacks. She started giving a small commission to her friends to sell these snacks in their own societies (**Growing the business**).

After 2 years, Sowmya now sells her snacks in every small shop.

She continued studying while doing the business and was able to pay her college fees from her own earning!

### **How do you think Sowmya identified an opportunity?**

Opportunities are everywhere. You need to look for them/spot them. Do you have any ideas/have you seen any opportunity in your surrounding that you too can use to start a business? Write your idea below.



## Practical Exercise

The teacher will facilitate these activities and give additional feedback as needed.

### Activity 1

Guess the entrepreneur

#### Materials required

Notebook, pen

#### Procedure

Form teams of 5 students each. So, if there are 30 students in class, there would be 6 teams of 5 students in each team and select a leader who will be responsible for running it. Each member in the group will do the following:

- Make a list of all people you see while coming to school and what they are doing.
- Make 2 lists — one of people working for themselves and one of people who work for others.
- Make a list of different kinds of businesses around you.
- Now think of all the items that you cannot buy in your neighbourhood and people have to go far to buy them.
- Do you see this as a possible opportunity for a good business idea?
- How will you innovatively fill this gap?
- Members of the group discuss their ideas within the group.

## Check Your Progress

### A. Multiple choice questions

**Read the questions carefully and circle the letter (a), (b), (c) or (d) that best answers the question.**

1. Business is a (an) \_\_\_\_\_ activity.
  - (a) social
  - (b) economic
  - (c) hazardous
  - (d) selling
2. What is the aim of entrepreneurship?
  - (a) Earn a profit
  - (b) Solve customers' need innovatively
  - (c) Both of the above
  - (d) None of the above

### B. Short answer question

1. List three businesses seen around you. Share details of what the business does, and how they run it ?

**C. Read the following statement and write “Yes” or “No” as to whether the person is an entrepreneur or not.**

<b>Statement</b>	<b>Yes/No</b>
1. Ravi made tea for his friends in the office. Everyone liked the tea very much and told him that he is very good at making tea.	
2. Savita, a house wife, needs extra money for her kids' tuition. She notices that in the afternoon, the children coming out of a nearby college look tired and hungry. She makes refreshing <i>Neembu Pani</i> and <i>samosas</i> and sells them to the students.	
3. Rahul loves dogs. He plays with dogs of his friends' family. One day when they were going out-of-station, they asked Rahul to take care of their dog. Rahul thought that this was a good idea, “taking care of dogs when the owner is traveling”. He started his own company which is like a “hotel for dogs”. When the dog-owners travel, they leave their dogs at this hotel and pay the company money for each day they take care of the dog. Is Rahul an entrepreneur?	
4. Monica noticed that her neighbours used to face a problem. They had to leave their young baby behind when they went for work. Monica started going to this house in the evening to take care of the baby for them. Her neighbours were very happy and used to give her chocolates for doing that.	

**NOTES**

### What have you learnt?

**After completing this session, you will be able to**

- demonstrate the knowledge of entrepreneurship.
- identify the characteristics of an entrepreneur.

### SESSION 2: ROLE OF ENTREPRENEURSHIP

If you were an entrepreneur, how do you think you will help your country? Countries which encourage entrepreneurship have grown fast. It is, therefore, important to broadly define the role and benefits of entrepreneurship.



## **Economic Development— Money in Circulation**

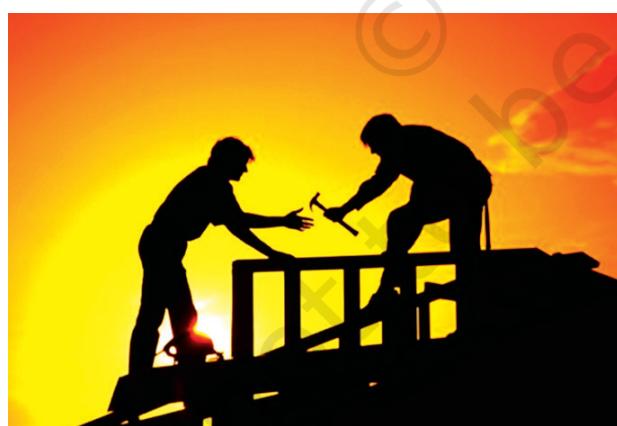
As entrepreneurs create value by making available better and cheaper products and services for customers, the economy grows. As entrepreneurs grow their business, investors put money into their businesses and expect good returns. As more and more entrepreneurs create business opportunities, the economy grows.



## **Social Development—Creation of Jobs**

A business started by an entrepreneur is usually a very small business in the beginning. If it becomes successful and grows, the entrepreneur expands the business.

As the business grows, it needs more work to be done and so creates more jobs. Good quality jobs lead to more people earning money and having a good life.



## **Improved Standard of Living— More things available to live a comfortable life**

When entrepreneurs sell products like a tractor, a mobile phone or a mobile service, it helps people live a more comfortable life. For example, a small village did not have good quality soap because of which the villagers used to fall sick. An entrepreneur started going to the city collected antibacterial

soap from the city and sold it to the villages the people started using the soap for handwashing, is a result of which these uses less incidences of people falling sick.

## Optimal Use of Resources

There are various natural resources present around us renewable and non-renewable. Entrepreneurs keep working to find the most optimal ways of using the resources to reduce costs and increase their profits.

## NOTES

## More Benefits at Lower Prices Products and Services at Competitive Prices

As entrepreneurs compete in the market, prices of products come down. For example, a phone which used to cost at least Rs. 20,000 when phones were first launched can now be bought even for Rs 4,000.

### Practical Exercise

The teacher will facilitate these activities and give additional feedback as needed.

#### Activity

A world without Entrepreneurs

#### Materials required

None

#### Procedure

- Form groups of 45 students in each group.
- Each group thinks about which entrepreneurs benefit or help us the most.
- Now imagine that this entrepreneur, and his business does not exist. How will my life get affected?
- Each group shares with the class, their example of which entrepreneur helps them the most and what will happen if she/he was not there.
- One volunteer student writes down the examples given by each group on the board.
- The class discusses the importance of entrepreneurs.

## Check Your Progress

### A. Short answer question

Answer the following questions in your own words.

1. Gulab lives in a small village in Rajasthan. She noticed that all the women in her village were good at making

## NOTES

paintings and handicraft product. She collected money and started a business. Gulab would help the women to get material from cities and support them in making latest designs. She would then arrange for these paintings and handicraft products to be sold in big cities. How do you think Gulab, is helping her society as an entrepreneur?

2. Give examples of three entrepreneurs you know who live around you. Write how they are helping your city?

## What Have You Learnt?

**After completing this session, you will be able to**

- explain the importance of entrepreneur and its role in country's and society's growth.

## GLOSSARY

**Confidence:** *quality of believing in oneself and not having fear of what will happen or what others would say*

**Experimental:** *someone who likes to try new things and learn from it to get better*

**Grit:** *a person's quality of not giving up and keep trying*

**Hybrid business:** *hybrid business is a mix of product and service business*

**Patience:** *a person's quality of not getting angry or emotional during stressful time and staying calm*

**Positivity:** *a person's quality of seeing the good in every situation and person*

**Product business:** *a business where a seller and buyer exchange a thing, which can be seen and touched, is called a product based business*

**Service business:** *a business where a seller helps the buyer to finish some work, which cannot be seen or stored for example plumbing, teaching, hair dressing, etc., are called as service based businesses*

## SESSION 3: QUALITIES OF A SUCCESSFUL ENTREPRENEUR

In the last chapter, we learnt how entrepreneurship is different from wage employment. We also learnt different features of entrepreneurship. In this session, we will learn about qualities of a successful entrepreneur.

Can you think about business persons from whom you buy things? What are some qualities of these people? List all the qualities, with examples in your notebook.

	<b>Who</b>	<b>Quality</b>	<b>Example</b>
1.	Milk-man	Hard-working	Wakes up at 3:00 AM and comes to the customer's house at 5:00 AM to give fresh milk.
2.			
3.			
4.			
5.			

There is a thin line that distinguishes an entrepreneur from a traditional business person.

Ramu is *chai wala* selling tea near a busy bus stop. He earns a lot and makes a good profit. He is a traditional business man.

Now, Rani also started a tea stall on the road side. She decided to sell different flavours of tea, just like expensive tea parlours in the mall, at a reasonable price. Her clients vary from daily wage earners to actors and politicians because of her unique idea. She is an entrepreneur.

Now, let us read a story of another entrepreneur to understand all the important qualities of a successful entrepreneur, so that when you think about becoming an entrepreneur, you can practice these qualities.

### **Sushma, the Toy Maker**

Sushma is a mother of two young kids. She saw some parents giving their children mobile phones to play with while others gave plastic toys. Both of these are bad for the kids and the environment.

She wanted her children to enjoy playing with toys which were good for their brain and did not cause health problems. She came up with the idea of making wooden toys, which are not only fun to play with, but also help kids learn as they play with them. She made a few toys and started sending pictures to her friends and family. They were excited to buy these new types of toys from her.



Her best friend told her that the toy she had bought had sharp edges and had hurt her child. Sushma immediately changed the design to soft edges. Very few people bought her products. She made huge efforts to persuade her customers to buy her toys, specifying the excellent qualities of her products.

She did not give up and tried to understand the buying pattern of parents as customers. Soon she realised that people prefer to buy toys for their kids from established and permanent shops. She made efforts to partner with different toy shops to sell her products. She also created a web site to sell her products online. After 2 years, the demand for her toys increased and soon she was selling her toys not only in India, but also in other parts of the world.

An entrepreneur needs to have the following set of qualities.

### **Patience**

Entrepreneurship is not a one-day job. Success may not be achieved quickly and therefore, it is important for an entrepreneur to be patient in running the business. Sushma kept working for 2 years before success came her way.



### **Positivity**

When a person starts a business, he/she may face lots of difficulties and failure. An entrepreneur has to think positively even when he/she takes a big risk. There may be losses at times but even then an entrepreneur should stay positive and continue to work hard towards their goal. For example, Sushma listened to her customers' complaints. She did not get upset and improved her product.

### **Hardworking, Never Giving Up and Perseverance**

Every new business goes through failures and therefore, an entrepreneur needs to work hard till it becomes successful. It is necessary for an entrepreneur to continuously work hard towards his/her own and

company's goals. Sushma kept trying even when the toys were not selling.

### **Confidence**

An entrepreneur needs to be very confident and take decisions about their business. An entrepreneur needs to communicate confidently with the customers. For example, Sushma was confident about the quality and effective use of her toys. This led to her success.



### **Open to Trial and Error**

Entrepreneur needs to be open to new ideas and try them without fear of failure. She/he will have to use trial and error and experiment with different ideas till the business becomes successful. This allows the product or service to improve for the customer and helps the business grow. For example, when Sushma could not sell the product within her friends and family circle, she partnered with other shops.

### **Creativity and Innovation**

An entrepreneur should be able to see a problem from different perspectives and come up with original and creative solutions. They should also be able to recognise an opportunity in a problem and find an innovative solution.

One must note here that a self-employed person may not be an entrepreneur if she/he does not have these qualities. An entrepreneur should be willing to take a calculated risk and is always open to new ideas to make his/her business grow. A person who has does not take risks, is not open to new ideas and is running the business only to earn a steady source of income is not an entrepreneur.

### **Practical Exercises**

The teacher will facilitate these activities and give additional feedback and summarise for the students as needed.

**Activity 1**

A successful interview

**Procedure**

- Form pairs of students. One student imagines him/herself to be a successful entrepreneur (maybe 10 years from now).
- The other student will act as an interviewer from a TV channel who will interview this entrepreneur.
- The interviewer asks questions given in the table below and note down the answers.
- One volunteer pair will present their questions and answers to the class.

Questions	Your Answer
What business do you do?	
Why did you start this business and not take up a job in a company?	
How did you come up with the business idea?	
Were you successful when you first started?	
What did you find most difficult?	
How did you overcome this difficulty?	
Have you faced any failures? If yes, what?	
What advice would you give to others who are trying to start their own business?	

**Activity 2**

Entrepreneurs near me

**Procedure**

Each student should visit businesses in their neighbourhood, talk to the owner and list their qualities that have helped them with their business. Fill the table given below.

Owner of the business	Qualities	How did it help the business?	Is this person an entrepreneur?

## Check Your Progress

## NOTES

### A. Short answer questions

1. Identify qualities of the following entrepreneurs. Also write why you think this person has this quality or the qualities.
  - (a) Anil wanted to do something very different and something no one has thought of before. He decided to start a special travel services for old people/ senior citizens.
  - (b) Rakesh loves playing outdoors. He used to spend his evenings with his friends, playing games. But, he had seen that many of his friends didn't like playing outdoors because they didn't feel safe. He decided to open a playground for children of all ages, with proper security. He found an unused playground, got permission to use it and asked his friends to help him clean it. He hired a security guard for the playground. He charged a small fee for people who wanted to play. Both parents and children liked his idea, and started playing there regularly. His business helped children who would not play outdoor before.
  - (c) Radhika was a cook in a small restaurant in her area. She made enough money to support her husband and children. She decided to start her own food stall to sell Punjabi food. She would make special parathas. A few days after starting her business, the police came and told her that she was not allowed to run her stall in the area. Radhika did not give up. She started a Tiffin service through which she would deliver fresh food to people.
2. Do you think you have the qualities of an entrepreneur in you? If yes, give examples when you have shown these qualities.
3. Read the story of Sushma, the Toy Maker once again and fill in the boxes mentioning the various qualities that Sushma might have possessed as an entrepreneur



## What Have You Learnt?

**After completing this session, you will be able to**

- identify successful entrepreneurs around yourself.
- identify and describe the qualities of a successful entrepreneur.

## SESSION 4: DISTINGUISHING CHARACTERISTICS OF ENTREPRENEURSHIP AND WAGE EMPLOYMENT

In the last session, we learnt that entrepreneurship means organising, developing and managing a business venture along with any of its risks in order to make profit. Entrepreneur takes risks to make a profit. Let us now try to understand the meaning of the word profit and risk before we understand the various characteristics of entrepreneurship.

**Profit:** M/s Ram Prasad owns a sweet shop in a remote village. He incurs a total cost of Rs 35 per kg of sweets and sells at a rate of Rs 42 per kg to customers. The amount of profit earned by Ram Prasad's sweet house amounts to Rs 7/kg, i.e., Rs 42-Rs 35 = Rs 7 per kg. The profit earned is the excess earning after deducting all expenses.

**Risk:** A situation where the result is not known and could lead to a loss. For example, when I am making 10 kg of sweets, I risk spending Rs 300/- on buying milk, sugar, *maida* and some other person may also start the same business in the same area and sell sweets at a lower price.

Entrepreneurship is not without risks but entrepreneurs are not afraid of taking calculated risks. Taking risks can lead to failure but failure is acceptable and entrepreneurs continue their course of action till they succeed.

### Characteristics of Entrepreneurship

Let us now look at some of the distinguishing characteristics of entrepreneurship.

1. Ability to take up risks
2. Believe in hard work and discipline

3. Adpatable and flexible to achieve the goals of enhancing quality and customer satisfaction
4. Knowledge of the product and services and their need or demand in the market
5. Financial literacy and money management skills
6. Effective planning and execution.

Have you ever observed a sudden closure of a shop/store/business in your neighbourhood? Why did the business fail?

- Was he/she selling low quality goods/services?
- Was he/she selling products not required in the neighbourhood?
- Was the right opportunity not spotted?
- What was the risk he/she had taken?

## NOTES

### **Wage Employment**

In case of wage employment, there are always two parties. One is known as the employer and the other is the employee. The wage employment does not involve too much risk but entrepreneurship involves taking certain amount of calculated risks. However, the continuity of the service in case of wage employment depends on the terms and conditions laid down in the contract between the two parties and also sometimes the relationship between the employer and the employee.

Now, let us understand the difference between entrepreneurship and wage employment (working for someone to earn money). Let us compare a cook in a restaurant and a street food vendor.

<b>Questions to think about</b>	<b>A Cook in a Restaurant</b>	<b>Street Food Vendor</b>
		
1. How does the person make money through the activity?		
2. Is this person solving a community problem?		
3. Did this person sell something and make profit?		
4. Do they use the resources/knowledge that they have to make most of the money?		
5. Do they use innovation and creativity to attract clients?		
6. Does the activity involve taking risk for earning money?		
7. Is this person an entrepreneur?		

As you can see above, the cook in a restaurant holds a job and is an employee of the restaurant, while the food stall vendor is an entrepreneur as s/he works for himself and runs a business because of the following things:

	<b>Activities done by the person</b>	<b>Entrepreneurship</b>	<b>Employment</b>
1.	Allows a person to make money	Yes	Yes
2.	Finding solutions for a community problem by himself/herself	Yes	No
3.	The job done by the person is decided by himself/herself	Yes	No
4.	Use personal knowledge and interest to make money for oneself	Yes	No
5.	Use innovation and creativity to attract clients	Yes	No
6.	Keep most of the money, i.e., profits made for a product/ service	Yes	No
7.	Takes risk to make profit	Yes	No

## Benefits of entrepreneurship

## NOTES

The various benefits include the following:

- **Do what you are interested in:** Entrepreneurship allows you to start and do something you like using your hobbies and skills.
- **Work for yourself, and not for others:** As an entrepreneur, you can work for yourself and not for someone else. You can decide the kind of work you like to do and how you want to do it.
- **Make profits for yourself:** As an entrepreneur, you can decide how much money you want to earn and how you want to earn it.
- **More risk, more profit:** Even though there are risks in entrepreneurship, it allows you to decide how much risk you want to take. Usually, the larger the risk, the bigger could be the profit!

## Practical Exercises

The teacher will facilitate these activities and give additional feedback and summarise for the students as needed.

### Activity 1

Characteristics of enterprise

#### Procedure

- Create groups of 5 students each. So if there are 30 students in class, there would be 6 groups of 5 students in each group and select a leader who can run the activity.
- Each group should discuss the following information (in table) and fill it up with either “Yes” or “No”.
- One group can volunteer to explain to the class their answers. The other groups give feedback if correct or wrong and also check their answer against the right one to make sure it is right.

Type of Business	Is it making money?	Does it sell something for profit?	Do they use what they have or know best?	Does it take a risk?
Stationery Shop				
Local Milk Dairy				
Plumbing Shop				

**Activity 2**

Advantages of entrepreneurship over wage employment

**Procedure**

- Create groups of 5 students each. So if there are 30 students in class, there would be 6 groups of 5 students in each group and select a leader.
- Each group prepares charts showing advantages of entrepreneurship over wage employment.
- Two groups volunteer to present their charts to the class. Other teams give feedback on the charts presented and can ask questions after the presentation is made.

**Check Your Progress****A. Fill in the blanks**

1. State whether the person engaged in the activity mentioned below is an Entrepreneur or an Employee
  - (a) Rahul starts a shop to sell Chaat and special Paani Puri. He is an \_\_\_\_\_.
  - (b) Shahid becomes the manager of a dealership selling food products. He is an \_\_\_\_\_.
  - (c) Ritu leaves the company she worked for and starts catering food for marriage programmes. She is an \_\_\_\_\_.

**B. Short answer questions**

1. List any four characteristics of entrepreneurship.
2. List any two characteristics of wage employment.
3. Name any one factor that is common to both entrepreneurship and wage employment on contract basis.

**What have you learnt?****After completing this session, you will be able to**

- describe the difference between entrepreneurship and wage employment.
- identify unique features of entrepreneurship versus wage employment.

**SESSION 5: TYPES OF BUSINESS ACTIVITIES**

So far, we learnt who an entrepreneur is, and the meaning of entrepreneurship. We also learnt about the

unique features of an entrepreneurship. In this session, we will learn about different types of business activities. Let us read the story of Rahul to understand different business activities.

### Rahul, the cricketer

Rahul loved cricket! His favorite player was Sachin Tendulkar and he never missed a match. He went for daily practice with his friends in the park. He was an all-rounder, like M.S. Dhoni, but he wanted to be a great batsman.

He started improving in his game and at the age of 16, he played for the state team. His team lost, but he was sure that he would play for India one day. He was a great player and everyone in his village came to him for advice on cricket.

Rahul kept trying but did not get to join any team. Perhaps Rahul could have thought of other options to stay in touch with his passion for cricket.

Here are some of the options he could have explored. Fill the table with your friends



	Start a Cricket Coaching Centre	Start a Sports Shop	Sports Academy
Is this Entrepreneurship?			
What do you think he will be doing (kind of work) in each of the options?			

### Types of business activities

From the story of Rahul, we understood that there can be three types of business activities:

- Product business
- Service business
- Hybrid business

#### Product business

A business where a seller and buyer exchange an item, which can be seen and touched, is called a product-based business. For example, a Sports Shop.

## Service business

A business where a seller helps the buyer to finish some work. For example, a cricket coaching center.

## Hybrid business

A hybrid is the one where the business is doing both selling product and selling services. For example, Rahul starting a sports academy for coaching and selling sports equipment. We also see this in restaurants where the food itself is the product sold and the catering is the service provided.

### Practical Exercise

The teacher will facilitate these activities and give additional feedback and summarise for the students as needed.

#### Activity 1

##### Product and Services

##### Procedure

- The class is to be divided into 3 teams—product business team, service business team and hybrid business team.
- Each team will get about 15 mins to think of as many examples of product/service/hybrid based businesses. Students will have to think of different types of businesses, rather than just different companies with the same type of business. Fill the following table. The team with most number of examples wins.

Type of Business	Product Business	Service Business	Hybrid Business
Large Businesses	1. 2. 3.	1. 2. 3.	1. 2. 3.
Local Community Businesses	1. Tea Stall 2. 3.	1. Hair-cut, Barber Shop 2. 3.	1. Petrol Pump 2. 3.

## Check Your Progress

### A. Fill in the blanks

#### State the type of business—product, service or hybrid

1. Arun bakery, which makes and sells bread to people.  
\_\_\_\_\_
2. Ram's repair shop, which repairs motorcycle.  
\_\_\_\_\_
3. Hari's hair-salon, where he cuts hair for women and men.  
\_\_\_\_\_

### B. Short answer question

1. What are the 3 types of business activities? Explain with examples.

## What have you learnt?

#### After completing this session, you will be able to

- identify successful entrepreneurs around yourself.
- identify and describe qualities of a successful entrepreneur.

## SESSION 6: PRODUCT, SERVICE AND HYBRID BUSINESSES

In this session, we will understand the difference between a product-based and service-based business activity. Let us take Rahul's example from the previous session and write yes or no in the following table:

	Cricket Coaching	Sports Shop
1. Can be seen and touched		
2. Can be stored		
3. Can be made somewhere and then transported		
4. The customer gets exactly the same thing most of the time.		

Therefore, the key differences between product and service business activities can be summarised as follows.

	<b>Product Business</b>	<b>Service Business</b>
1. Seen and touched	Product can be seen and touched. Customer pays for physical exchange of things.	Service cannot be seen or touched. Customer here pays for an experience.
2. Stored	A product can be made and stored in a shop or a warehouse (usually).	A service, for example, cutting hair, cannot be stored. Service is provided when a customer asks for it.
3. Made and transported	A product can be either made at home or in a factory. It can then be transported to different places where shopkeepers sell it.	A service cannot be made or transported. It is given to the customer at the time of delivery.
4. Same quantity and quality	The quality and quantity of the product will be the same every time.	The quality and quantity of a service can be different at different times.

In the last session, we also learnt about another type of business hybrid which is a mix of product and service businesses.

Read the following case-studies and identify what kind of businesses are these

### **Sana, the Jewellery Expert**

Sana wears beautiful new earrings every day which she makes by herself. She finds the designs online, buys cheap materials and makes them at home with the help of her sister. Her friends at the college were amazed and placed orders for similar earrings.

### **Harish, the Dabba-wala**

Harish lives alone in Delhi. He left his house in Meerut to work in a big company. He used to make his own lunch and take a *dabba* everyday to office. He had many bachelor friends who depended on the office canteen for lunch. They loved to eat the food he brought. This gave him an idea to make and deliver healthy, home-made food to different offices. He knew there would be a demand for his food, as there were many boys and girls from other cities working in the area who had no time to cook food on their own.



## Pragya, the Delivery Girl

Pragya's parents bought her a bike on her birthday last year. She used it to go to her college and to meet her friends. Since her friends usually had to take a bus for transport, in case of an emergency, they would sometimes ask her to drop them. This gave her an idea of starting a quick, goods-delivery service using her bike! In her free time, she started the delivery service for people in her area. She became famous! She later employed five people to work in her delivery company.

Classify the three entrepreneurs, based on the kind of business they do and give reasons.



Sana, the Jewellery Expert	Pragya, the Delivery Girl	Harish, the Dabba-wala

### Types of product-based business

In the above examples, we saw that there are three types of business activities—Product, Service and Hybrid. Now we will learn about a product business.

Let us go back to Sana's example, who made her own jewellery. **Now imagine if instead of making her own earrings, if Sana was buying earrings from a wholesale market and selling it to people. Would it still be a product business?**

Yes, it will be! There are two types of product-based businesses

#### Manufacturing businesses

These are the businesses that make a product and sell it. Products are usually made in factories. In case

of Sana, she was manufacturing or making her own products. Factories need funds (money) to be set up. Sana could make her products on a small budget. Factories have many people working in them. Sana made her products with the help of her sister.

### Trade businesses

These businesses buy and sell a product. They also transport the product from the factory to warehouses and then finally to shops near the customers. Examples of these business include wholesalers, distributors and retail shops.

### Practical Exercise

The teacher will facilitate these activities and give additional feedback and summarise for the students as needed.

#### Activity 1

Business activities around us

##### Materials required

Pens, chart paper, colours, etc.

##### Procedure

- Divide the class into 3 groups of students.
- Each group needs to make a list of business ideas which are either Product, Service or Hybrid based. Each group will prepare a poster by either making a drawing or using newspaper cut-outs for the kinds of business they have selected.
- Each team will present their posters to others.

### Check Your Progress

#### A. Fill in the blanks

1. Write P- Product, S- Service and H- Hybrid for the following businesses.
  - (a) Ice-cream seller: \_\_\_\_\_
  - (b) Restaurant/Cafeteria Owner: \_\_\_\_\_
  - (c) Car-driving School owner: \_\_\_\_\_

#### B. Short answer questions

1. What are the key differences between product- and service-based businesses?
2. If you had a choice to start a business of your own, which business will you start (include in your reply the

product or service that you would like to take up)? Why do you want to start this type of business?

3. What is the meaning of manufacturing and trading based business?

## What have you learnt?

**After completing this session, you will be able to**

- identify difference between product and service business activities.
- classify business examples as product, service and hybrid businesses.
- identify different types of product-based businesses.

## SESSION 7: ENTREPRENEURSHIP DEVELOPMENT PROCESS

Entrepreneurship development is the process of improving the skills and knowledge of entrepreneurs. It can take place through formal and informal learning system. In the formal learning system, training programmes are conducted to bring about awareness, knowledge and skills related to entrepreneurship. In this session, you will learn about the entrepreneurship development process through examples of successful entrepreneurs. It will help you to understand the qualities of entrepreneurs and then you can also make an assessment of whether you also possess those qualities. So let us begin with a story.

### Prem Ganapathy, the *Dosawala*

Prem Ganapathy is also known as the *Dosawala*, is the owner of the famous food chain 'Dosa Plaza'. 'Dosa Plaza' currently has 26 shops. It has 150 employees and makes approximately Rs 5 crore every year.

### Prem's story of struggle and success

When he came to Mumbai, Prem had no friends and did not know the language. He struggled in



Mumbai for many years. He washed plates and cups, cleaned tables and served tea at different shops. He even started a business with someone during this time, but the partnership failed.

Prem had saved some money and wanted to start a Dosa shop. He asked his brother and uncle for a small loan to set up a small Dosa stall near a railway station. At the railway station there lot of people came but did not have many options for tasty food.

His customers praised his food and gradually he had customers from far-off places too. As he spoke to his customers, he found out that his customers like different kinds of dosas. He had worked in a Chinese

kitchen earlier and knew how to make tasty chowmein and other Chinese items. This gave him an idea to invent new types of dosas with Chinese flavours like American Chopsuey, Paneer chilly, Spring roll dosa, etc. The 108 types of Dosas on his menu got him a lot of publicity.

Then he took the biggest risk of his life and opened a new shop near a station and named it as Dosa Plaza. Dosa Plaza is one of the most famous Dosa shops in Mumbai. From this story, what do you think are the different steps of starting a business?

### Steps of starting a business



Idea	<p>The first step is to come up with a business idea. A business idea could be based on</p> <ul style="list-style-type: none"><li>(a) Something you are interested in doing (For example, making Dosa)</li><li>(b) A need you see in the market (For example, Tasty food next to the station)</li></ul>
Getting money and material	Once you have the idea, you can start on a small scale with some money which will help you in buying basic material.
Understanding customer needs	Once you start selling, you will find out what your customer likes and wants. You will also find out what your customer does not like during this stage.
Improving Product/ service	You can use this knowledge of what your customer likes and does not like to improve your product. (For example, Prem's customers liked variety)

## Practical Exercise

### NOTES

The teacher will facilitate these activities and give additional feedback and summarise for the students as needed.

#### Activity

Business on Make-and-Sell

#### Materials Required

Scrap material like old newspapers, tins, glasses, etc.

#### Procedure

- Form groups of 4 or 5 people in each group.
- Each group comes up with an idea to make a product using scrap material. The product will be made for other students in class as the customer and should be useful for them. Follow the four steps of starting a business listed above.
- They make the product using scrap material they get from home, etc. If time is less, students can make the product after class and bring to the next session.
- After the teams have made the product, each team will come and present how they used the 4 steps to come up with the idea and build the product.
- They will then try and sell this product to everyone in the class.
- The rest of the teams will give feedback and say what they like and what they do not like in the product. They will also say how much money they are willing to pay for the product (vs. what the selling team is asking)
- At the end of this, each student writes answers to the following questions in their notebook.
- As a seller, what were you thinking when you decided about the business idea? Why did you select this idea for business?
- Did you make any changes to your idea after listening to your friends? If yes, what changes did you make?
- As a buyer, did you want to buy the product your friends were selling to you? If yes, which product and why?
- As a seller, did you think your friends would pay you money for your business idea? Why?
- As a buyer, did you want to pay money for the things made by your friends? Why?
- What did you learn about business through this activity?

## Check Your Progress

### A. Match the following

Column A	Column B
1. Business idea	A. Arun goes to the bank to get loan for the shop
2. Get money	B. Arun and Shyam are thinking about selling tea in front of their school
3. Customer needs	C. Arun and Shyam decide to sell tea along with free biscuits
4. Attract customers	D. Shyam takes his tea samples to customers to understand their taste preferences

### B. Short answer questions

1. My customers are not buying my food product because they do not like the flavour of it. What step of the business should I follow next?
2. Write the four steps of entrepreneurship development. Give one example.

## What have you learnt?

### After completing this session, you will be able to

- identify different steps of starting a business.
- identify the characteristics of business.